

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6612

BILL NUMBER: SB 183

NOTE PREPARED: Dec 31, 2011

BILL AMENDED:

SUBJECT: Sexually Oriented Businesses.

FIRST AUTHOR: Sen. Banks

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: The bill defines "sexually oriented business". The bill prohibits the sale or use of alcohol at a sexually oriented business. The bill establishes certain requirements concerning persons who own a sexually oriented business, and prohibits the establishment of a sexually oriented business in certain locations. The bill provides that a person less than 18 years of age may not enter a sexually oriented business, prohibits an employee who is regularly in a state of seminudity from touching a patron, and establishes requirements concerning the design, size, furnishings, and hours of operation of a sexually oriented business. The bill specifies that a sexually oriented business that repeatedly violates certain requirements is an indecent nuisance and is subject to abatement in the same manner as other indecent nuisances.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* If more abatement procedures, lead to the increased use of state Attorney General prosecutorial officials, the Attorney General's Office could receive all reasonable attorneys' fees for conducting the prosecution of a sexually oriented business. The state General Fund would receive the compensation of attorneys' fees. The state General Fund would also receive a share of court fees when actions are filed.

Penalty Provision: The bill establishes several Class C misdemeanors for violations of the bill's provisions. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class C misdemeanor is \$500. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Summary:* If more cases are brought before trial courts, the workload of those courts would increase. An indecent nuisance case takes precedence over all other cases except crimes, election contests, or injunctions.

Penalty Provision: A Class C misdemeanor is punishable by up to 60 days in jail.

Background Information- United States Bureau of Census data reports that statewide there were 135 book stores, 128 dance halls and clubs charging cover, and 97 electronics stores selling DVDs in operation during 2007. It is unknown how many of these establishments would fall under the definitions within the bill to constitute a sexually oriented business.

Explanation of Local Revenues: *Summary:* Prosecutors, city attorneys and corporation counsel, or county attorneys involved in prosecutions of sexually oriented businesses could be reimbursed reasonable attorneys' fees accumulated during the prosecution.

Under current law, if the existence of an indecent nuisance is established or admitted, the defendant's personal property used to conduct an indecent nuisance could be sold. If more properties are successfully abated including sale of defendants' property by the county, all proceeds from property sales would be paid to the county treasurer.

Penalty Provision: If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Attorney General.

Local Agencies Affected: County prosecutors, local law enforcement departments, circuit and superior courts, local law enforcement agencies.

Information Sources: U.S. Bureau of Census *2007 Economic Census*; IC 32-30-7.

Fiscal Analyst: Chris Baker, 317-232-9851.